

HAYS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2009**

Introductory Section

HAYS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

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Financial Section

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Honorable County Judge and County Commissioners
Hays County, Texas
111 E. San Antonio Street
San Marcos, Texas 78666

The Honorable County Judge and County Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hays County, Texas, as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hays County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hays County, Texas as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2010, on our consideration of Hays County, Texas' internal control over financial reporting and on our tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hays County, Texas' basic financial statements. The combining nonmajor fund financial statements, and the combining component units financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organization* and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, the combining component units financial statements, and the schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Holtman Wagner & Company LLP

New Braunfels, Texas
January 13, 2010

HAYS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Section of the Hays County's annual financial report presents an overview of the County's financial activities for the fiscal year ended September 30, 2009. The Management's Discussion and Analysis should be considered in conjunction with the accompanying financial statements and accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The County's total combined net assets were \$71.5 million at September 30, 2009. Of this amount, \$27.1 is unrestricted.
- The total cost of the County's programs was \$73.8 million while program revenues generated \$19.1 million at September 30, 2009.
- The general fund reported an unreserved fund balance this year of \$24.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which consist of three components:

- government-wide financial statements
- fund financial statements and
- notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the County's finances, in a manner similar to private sector business. The government-wide financial statements consist of two financial statements, the *Statement of Net Assets* and *Statement of Activities*.

- The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Eventually, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the county is improving or deteriorating.
- The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year using full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a portion of their costs through user fees and charges. The governmental activities of the County include general administration, judicial, law enforcement/corrections, community/public service, health and welfare, general maintenance, streets and highways.

FUND FINANCIAL STATEMENTS

The fund financial statements are designed to report information by grouping related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into the following three categories: governmental, proprietary and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's functions.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide statements. In addition to the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balance, separate statements are provided that reconcile between the government-wide and fund level statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund (a type of proprietary fund) is used to report activities that provide supplies and services for other programs and activities-such as the County's Medical and Dental Insurance fund. Because this service predominantly benefits government rather than business-type functions, the Internal Service Fund is reported with *governmental activities* in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets-Fiduciary Funds. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Net Assets:

The County's combined net assets were \$71,528,307 at September 30, 2009 as detailed below:

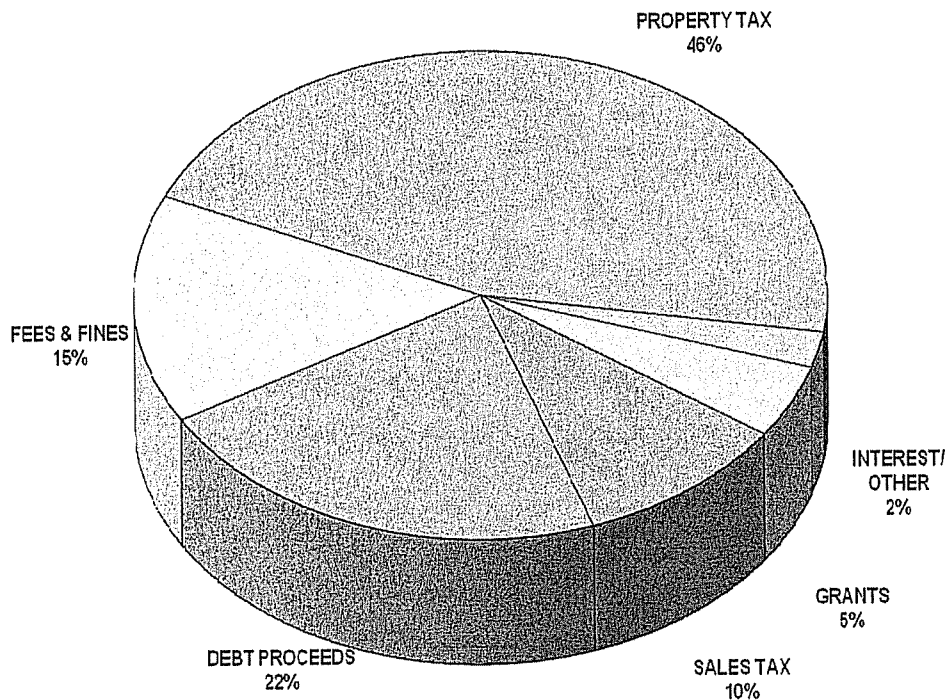
Accounts payable	\$ 5,745,178	\$ 7,854,708	36.72%
Due to other governments	409,950	515,234	25.68%
Accrued interest payable	374,956	666,453	77.74%
Noncurrent liabilities -			
Due within one year	4,009,507	4,655,739	16.12%
Due in more than one year	67,148,768	143,901,902	114.30%
Total Liabilities	<u>77,688,359</u>	<u>157,594,036</u>	<u>102.85%</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	31,506,145	41,170,313	30.67%
Restricted For:			
Debt Service	2,624,354	3,270,297	24.61%
Unrestricted	33,326,501	27,087,697	-18.72%
Total Net Assets	<u>\$ 67,457,000</u>	<u>\$ 71,528,307</u>	<u>6.04%</u>

Changes in Net Assets:

A significant portion, 73.6% of the County's revenue comes from taxes. Of this total, \$10.7 million was from sales taxes and the remaining \$46.7 million is ad valorem taxes. Charges for services include court fines and fees (\$4.0 million), law enforcement and correction facilities (\$6.8 million), health department fees (\$.91 million), and other (\$1.6 million).

- The County's total cost of governance was \$73.8 million.
- However the amount our taxpayers paid for these activities through taxes was \$57.3 million.
- Those who directly benefited from the programs paid \$14.9 million.
- Interest, grants, contributions, and miscellaneous revenues share of the cost was \$5.7 million.

REVENUES FY2009 BUDGET



The change in net assets for the year is summarized as follows:

	2008	2009	Total Percent Change 2009-2008
Taxes	\$ 53,100,211	\$ 57,259,027	7.83%
Program revenues:			
Charges for Services	14,609,750	14,873,339	1.80%
Operating grants and contributions	2,427,830	2,966,390	22.18%
Capital grants and contributions	666,225	1,256,057	88.53%
Investment earnings	2,001,275	436,637	-78.18%
Miscellaneous and other	2,400,378	1,031,557	-57.03%
	<u>75,205,669</u>	<u>77,823,007</u>	<u>3.48%</u>
Expenses			
General administration	12,252,665	11,053,270	-9.79%
Judicial	7,034,188	7,609,687	8.18%
Law enforcement/corrections	25,783,992	28,987,133	12.42%
Community/public service	3,094,519	1,951,797	-36.93%
Health and welfare	3,752,514	5,939,660	58.28%
General maintenance	1,056,093	1,043,352	-1.21%
Streets and highways	12,861,684	13,602,101	5.76%
Debt service/Bond Interest	3,082,171	3,564,700	15.66%
Total expenditures	<u>68,917,826</u>	<u>73,751,700</u>	<u>7.01%</u>
Increase in net assets	<u>\$ 6,287,843</u>	<u>\$ 4,071,307</u>	<u>-35.25%</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The County reports the following types of governmental funds: the General Fund; Special Revenue; Debt Service; and Capital Project Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances that are available for spending. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the 2009 fiscal year, the County's governmental funds reported combined ending fund balance of \$100.7 million. Approximately 27.1 million of the fund balance represents unreserved fund balance while the remaining fund balance is reserved for inventories (\$.52 million), prepaid expenses (\$.64 million), capital projects (\$66.9 million), and debt service (\$3.3 million). The General Fund is the primary operating fund of the County. At the end of the 2009 fiscal year, unreserved fund balance of the General Fund was \$24.2 million.

GENERAL FUND BUDGETARY HIGHLIGHTS :

The fiscal year 2009 budget was adopted on September 16, 2008. The FY2009 budget increase (9%) over FY2008 was primarily due to employee salary increases (\$1,276,303), the addition of 19 new employee positions (\$738,495), the purchase of a new countywide accounting software (\$500,000), as well as infrastructure improvements (\$1.6 million). Additional budget increases were the result of inflation and the additional expenses related to the population growth of the County.

Over the course of the year, the County revised its budget on several occasions for line item transfers within existing line items, with no increase in the overall budget. Any noted increases in the overall budget was due to additional grants with off setting revenue that were received but were not anticipated during the budget process.

Actual expenditures were less than budgeted expenditures by \$4,402,442, primarily due to the incompleteness of capital improvement projects as well as grant funded projects. Actual revenues collected were less than budgeted by \$1,462,364. The revenue decrease was primarily the result of the significant decrease in the interest earnings rate on the County's investments. The County also realized a decrease in revenues from reduced collections of Court related fees and fines attributed to the slow-down in the economy. Additionally some grant funded projects were not completed by year-end, therefore the grant revenues were not realized.

CAPITAL ASSETS

The capital assets of the County are those assets (land, buildings, improvements, infrastructure, and machinery, and equipment), which are used in the performance of the County's functions. At September 30, 2009, net capital assets of the governmental activities totaled \$116.5 million. Annual depreciation for buildings, improvements and machinery and equipment totaled \$2.2 million.

Capital assets not being depreciated:

Land	\$ 1,336,735	\$ 1,345,901	0.69%
Construction in progress - infrastructure	7,964,134	17,466,465	119.31%
Construction in progress	2,008,177	3,242,818	61.48%
Total capital assets not being depreciated	<u>11,309,046</u>	<u>22,055,184</u>	<u>95.02%</u>

Capital assets being depreciated:

Infrastructure	88,820,190	101,175,216	13.91%
Buildings and improvements	31,583,068	33,618,618	6.45%
Equipment	14,926,885	15,655,725	4.88%
Equipment under capital lease	1,269,669	1,269,669	0.00%
Total capital assets being depreciated	<u>136,599,812</u>	<u>151,719,228</u>	<u>11.07%</u>
Less accumulated depreciation for:			
Infrastructure	(26,413,736)	(30,111,104)	14.00%
Buildings and improvements	(15,216,112)	(15,879,340)	4.36%
Equipment	(10,233,462)	(10,657,695)	4.15%
Equipment under capital Lease	(446,339)	(648,394)	45.27%
Total accumulated depreciation	<u>(52,309,649)</u>	<u>(57,296,533)</u>	<u>9.53%</u>
Total capital assets being depreciated, net	<u>84,290,163</u>	<u>94,422,695</u>	<u>12.02%</u>
Governmental activities capital assets, net	<u>\$ 95,599,209</u>	<u>\$ 116,477,879</u>	<u>21.84%</u>

DEBT ADMINISTRATION

At the end of the 2009 fiscal year, the County reported \$145.7 million in outstanding debt. Of this amount, \$128 million is general obligation debt; \$12.7 million is certificates of obligation, and \$.5 million is capital leases. In addition, the County reported \$2.0 million in vested vacation benefits and \$2.5 million in post employment benefits. Premiums being amortized of the life of the bond were \$2.6 million and year-end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES:

The County continues to experience a major growth in population. Appraised property values used for the FY2010 budget preparation will increase by \$756 million, or 7% from FY 2009. The increase in FY2010 property values was primarily due to new improvements. These indicators were taken into account when adopting the FY 2010 General Fund budget. Amounts available for appropriation in the FY2010 General Fund budget are \$53.6 million, compared to the final FY2009 budget of \$50.6 million. Property taxes will increase due to the increase in the tax rate to fund the the additional voter approved debt obligations that were incurred for countywide road projects. The County will use the increases in revenues to finance and maintain current services in a rapidly growing county.

Total expenditures for all operating funds, including General Fund, for FY 2010 are budgeted at \$76 million which is the same level as the previous year.

If these estimates are realized, the County's budgetary General Fund balance is anticipated to drop by \$2.5 million dollars. The decrease in fund balance is the result of the use of reserves to fund one-time expenditures for capital improvements.

The County determined in FY 2006 that it needed to plan for the financial resources that would be required in the near future to provide new office space in the County seat as well as the satellite offices throughout the County. The new office complex would consolidate many offices into one government complex that would provide for future growth as well as increase efficiency in government operations. In FY 2006 the County implemented a plan to appropriate into the property tax rate and into the budget, on an annual basis, an amount of funds that would be required to construct new offices in the future. In FY 2010 the County had sufficient funding appropriated into the tax rate to pay for the debt requirements necessary for a \$72 million Government Center without any future tax rate impact.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, 111 E. San Antonio St., Suite 100, San Marcos, Texas 78666 or 512-393-2283.

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Basic Financial Statements

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HAYS COUNTY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash:		
Cash and cash equivalents	\$ 104,712,847	\$ 4,644,930
Receivables (net of allowance for uncollectables):		
Delinquent ad valorem taxes	1,995,021	629,368
Sales and use taxes	815,498	-
Miscellaneous	1,530,220	125,034
Due from fiduciary funds	585,371	-
Materials & supplies inventory, at cost	515,614	-
Prepaid expenses	643,464	-
Capital assets (net of accumulated depreciation):		
Land	1,345,901	178,488
Buildings	17,739,278	4,009,998
Furniture, fixtures and equipment	5,619,305	5,481,519
Infrastructure	71,064,112	-
Construction in progress	20,709,283	1,198,861
Other non-current assets	1,646,429	-
Total assets	<u>228,922,343</u>	<u>16,268,198</u>
LIABILITIES		
Accounts payable	7,854,708	198,372
Accrued interest payable	666,453	290,841
Due to other governments	515,234	-
Noncurrent liabilities:		
Due within one year	4,655,739	810,852
Due in more than one year	<u>143,701,902</u>	<u>5,784,090</u>
Total liabilities	<u>157,394,036</u>	<u>7,084,155</u>
NET ASSETS		
Invested in capital assets, net of related debt	41,170,313	4,273,924
Restricted for:		
Debt service	3,270,297	-
Unrestricted	<u>27,087,697</u>	<u>4,910,119</u>
Total net assets	<u>\$ 71,528,307</u>	<u>\$ 9,184,043</u>

The accompanying notes are an integral part of this statement.

HAYS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,053,270	\$ 1,511,156	\$ 22,000	\$ 29,400
Justice system	7,609,687	4,004,701	36,770	-
Law enforcement/corrections	28,987,133	6,754,222	1,379,619	-
Community/economic development	1,951,797	53,553	-	720,420
Health and human services	5,939,660	911,571	1,523,500	-
General maintenance	1,043,352	-	-	-
Highways and streets	13,602,101	1,638,136	4,501	506,237
Interest and fees	3,564,700	-	-	-
Total governmental activities	<u>73,751,700</u>	<u>14,873,339</u>	<u>2,966,390</u>	<u>1,256,057</u>
Total primary government	<u>\$ 73,751,700</u>	<u>\$ 14,873,339</u>	<u>\$ 2,966,390</u>	<u>\$ 1,256,057</u>
Component units:				
Emergency Services Districts	\$ 7,598,303	\$ -	\$ 821,139	\$ -
Total Component Units	<u>\$ 7,598,303</u>	<u>\$ -</u>	<u>\$ 821,139</u>	<u>\$ -</u>

General revenues:
 Ad valorem taxes
 Sales and use tax
 Interest on deposits
 Miscellaneous revenue
 Total general revenues
 Change in net assets
Net assets - beginning
Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component Units
Governmental Activities	ESD's
\$ (9,490,714)	\$ -
(3,568,216)	-
(20,853,292)	-
(1,177,824)	-
(3,504,589)	-
(1,043,352)	-
(11,453,227)	-
(3,564,700)	-
(54,655,914)	-
(54,655,914)	-
-	(6,777,164)
-	(6,777,164)
46,608,650	8,177,763
10,650,377	-
436,637	56,834
1,031,557	-
58,727,221	8,234,597
4,071,307	1,457,433
67,457,000	7,726,610
\$ 71,528,307	\$ 9,184,043

**HAYS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009**

	Capital Projects Funds				
	General Fund	Special Revenue Road and Bridge	2006 Road Bond	Tax/Revenue Certificates of Obligation	2009 Unlimited Tax Road Bonds
ASSETS					
Cash and cash equivalents	\$ 25,089,131	\$ 3,761,185	\$ 2,425,106	\$ 7,864,314	\$ 8,848,146
Receivables (net of allowance for uncollectables)					
Ad valorem taxes	390,174	100,028	-	-	-
Sales and use taxes	815,498	-	-	-	-
Miscellaneous	1,216,570	13,395	506,237	-	705,397
Due from other funds	1,342,067	217,563	-	-	-
Prepaid expenses	643,464	-	-	-	-
Inventory, at cost	12,598	503,016	-	-	-
Total assets	\$ 29,509,502	\$ 4,595,187	\$ 2,931,343	\$ 7,864,314	\$ 9,553,543
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	1,776,770	973,195	191,372	229,715	676,232
Deferred revenues	457,448	100,028	-	-	-
Due to other agencies	514,255	-	-	-	-
Due to other funds	1,945,424	30,338	-	-	43,244
Total liabilities	4,693,897	1,103,561	191,372	229,715	719,476
Fund balances:					
Reserved for:					
Prepaid expenses	643,464	-	-	-	-
Inventory	12,598	503,016	-	-	-
Debt service	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	2,739,971	7,634,599	8,834,067
Unreserved, reported in					
General fund	24,159,543	-	-	-	-
Special revenue funds	-	2,988,610	-	-	-
Total fund balances	24,815,605	3,491,626	2,739,971	7,634,599	8,834,067
Total liabilities and fund balances	\$ 29,509,502	\$ 4,595,187	\$ 2,931,343	\$ 7,864,314	\$ 9,553,543

The accompanying notes are an integral part of this statement.

Capital Projects Funds

2008 Park Bonds	2007 Parks Bond Fund	2008 Road Bond Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,500,183	\$ 4,206,610	\$ 39,078,216	\$ 5,804,847	\$ 104,577,738
-	-	-	85,305	575,507
-	-	-	-	815,498
-	-	89,600	417,534	2,948,733
-	-	-	282,929	1,842,559
-	-	-	-	643,464
-	-	-	-	515,614
<u>\$ 7,500,183</u>	<u>\$ 4,206,610</u>	<u>\$ 39,167,816</u>	<u>6,590,615</u>	<u>\$ 111,919,113</u>
178	577,989	2,328,918	441,491	7,195,860
-	-	-	89,305	646,781
-	-	-	979	515,234
-	636,410	-	160,332	2,815,748
<u>178</u>	<u>1,214,399</u>	<u>2,328,918</u>	<u>692,107</u>	<u>11,173,623</u>
-	-	-	-	643,464
-	-	-	-	515,614
-	-	-	3,270,297	3,270,297
-	-	-	2,278,365	2,278,365
7,500,005	2,992,211	36,838,898	349,846	66,889,597
-	-	-	-	-
-	-	-	-	24,159,543
-	-	-	-	2,988,610
<u>7,500,005</u>	<u>2,992,211</u>	<u>36,838,898</u>	<u>5,898,508</u>	<u>100,745,490</u>
<u>\$ 7,500,183</u>	<u>\$ 4,206,610</u>	<u>\$ 39,167,816</u>	<u>\$ 6,590,615</u>	<u>\$ 111,919,113</u>

HAYS COUNTY, TEXAS
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET ASSETS
September 30, 2009

Total fund balances - governmental funds	\$ 100,745,490
--	----------------

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are expensed in the funds	116,477,879
--	-------------

Payables for bond principal and capital leases which are not due in the current period are not reported in the funds	(143,857,606)
--	---------------

Bond issue costs are expensed in the funds	1,441,429
--	-----------

Payables for bond interest which are not due in the current period are not reported in the funds	(666,453)
--	-----------

Compensated absences which are not due in the current period are not reported in the funds	(2,026,278)
--	-------------

Internal service funds assets and liabilities are included in the governmental activities in the statement of net assets	1,240,822
--	-----------

Property tax receivable unavailable to pay current year expenditures is deferred in the funds	646,781
---	---------

Post employment benefit obligation is not reported in the funds	(2,473,757)
---	-------------

Net assets of governmental activities - statement of net assets	<u><u>\$ 71,528,307</u></u>
---	-----------------------------

The accompanying notes are an integral part of this statement.

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HAYS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	Capital Projects Funds				
	General Fund	Road and Bridge	2006 Road Bond	Tax/Revenue Certificates of Obligation	2009 Unlimited Tax Road Bonds
REVENUES					
Taxes:					
Ad valorem	\$ 31,568,159	\$ 8,092,544	\$ -	\$ -	\$ -
Sales and use	9,799,371	851,006	-	-	-
Fees of office	254,071	1,632,307	-	-	-
Fines	2,033,045	650,251	-	-	-
Charges for services	7,353,007	-	-	-	-
Interest on deposits	198,609	44,923	40,940	1,303	1,577
Operating grants and contributions	2,450,961	-	506,237	-	-
Other revenue	636,004	44,708	-	-	-
Asset forfeitures	-	-	-	-	-
Total revenues	54,293,227	11,315,739	547,177	1,303	1,577
EXPENDITURES					
Current:					
General government	13,877,156	-	-	-	-
Justice system	6,950,750	-	-	-	-
Law enforcement/corrections	27,938,455	-	-	-	-
Community/economic development	1,742,956	-	-	-	-
Health and human services	3,072,496	-	-	-	-
General maintenance	1,086,894	-	-	-	-
Highways and streets	-	10,901,906	-	-	-
Debt service:					
Administrative charges	-	-	-	-	-
Interest	-	-	-	-	-
Principal retirement	-	-	-	-	-
Capital outlay:	1,121	-	2,943,136	428,604	1,246,410
Total expenditures	54,669,828	10,901,906	2,943,136	428,604	1,246,410
Excess (deficiency) of revenues over expenditures	(376,601)	413,833	(2,395,959)	(427,301)	(1,244,833)
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(941,653)	-	-	-	-
Transfers from other funds	-	-	-	-	-
Issuance of debt	-	-	-	8,061,900	10,078,900
Total other financing sources and uses	(941,653)	-	-	8,061,900	10,078,900
Net change in fund balances	(1,318,254)	413,833	(2,395,959)	7,634,599	8,834,067
Fund balances — beginning	26,133,859	3,077,793	5,135,930	-	-
Fund balances — ending	\$ 24,815,605	\$ 3,491,626	\$ 2,739,971	\$ 7,634,599	\$ 8,834,067

The accompanying notes are an integral part of this statement.

Capital Projects Funds

<u>2008 Park Bonds</u>	<u>2007 Parks Bond Fund</u>	<u>2008 Road Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 7,021,163	\$ 46,681,866
-	-	-	-	10,650,377
-	-	-	1,057,500	2,943,878
-	-	-	-	2,683,296
-	-	-	564,935	7,917,942
32,121	44,041	7,511	63,920	434,945
-	-	-	2,288,780	5,245,978
-	-	-	680,622	1,361,334
-	-	-	27,131	27,131
<u>32,121</u>	<u>44,041</u>	<u>7,511</u>	<u>11,704,051</u>	<u>77,946,747</u>
-	-	-	736,939	14,614,095
-	-	-	396,088	7,346,838
-	-	-	231,911	28,170,366
-	-	-	2,302	1,745,258
-	-	-	2,607,616	5,680,112
-	-	-	-	1,086,894
-	-	-	-	10,901,906
-	-	-	2,716	2,716
-	-	-	3,270,487	3,270,487
-	-	-	4,305,000	4,305,000
<u>2,517,116</u>	<u>2,400,119</u>	<u>9,360,413</u>	<u>1,061,427</u>	<u>19,958,346</u>
<u>2,517,116</u>	<u>2,400,119</u>	<u>9,360,413</u>	<u>12,614,486</u>	<u>97,082,018</u>
<u>(2,484,995)</u>	<u>(2,356,078)</u>	<u>(9,352,902)</u>	<u>(910,435)</u>	<u>(19,135,271)</u>
-	(636,409)	-	-	(1,578,062)
-	-	-	1,578,062	1,578,062
<u>9,985,000</u>	<u>-</u>	<u>50,191,800</u>	<u>1,023,218</u>	<u>79,340,818</u>
<u>9,985,000</u>	<u>(636,409)</u>	<u>50,191,800</u>	<u>2,601,280</u>	<u>79,340,818</u>
<u>7,500,005</u>	<u>(2,992,487)</u>	<u>40,838,898</u>	<u>1,690,845</u>	<u>60,205,547</u>
<u>-</u>	<u>5,984,698</u>	<u>(4,000,000)</u>	<u>4,207,663</u>	<u>40,539,943</u>
<u>\$ 7,500,005</u>	<u>\$ 2,992,211</u>	<u>\$ 36,838,898</u>	<u>\$ 5,898,508</u>	<u>\$ 100,745,490</u>

HAYS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009

Net change in fund balances — total governmental funds	\$ 60,205,547
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities	26,847,600
Sales of capital assets are not reported in the funds	(52,218)
Depreciation of capital assets is not recorded in the funds	(5,916,712)
Repayment of bond principle is an expenditure in the funds but a reduction of the liability in the statement of net assets	4,305,000
Repayment of capital leases is an expenditure in the funds but a reduction of the liability in the statement of net assets	481,420
Bond issues are recorded as a current resource in the funds, but as a liability in the statement of net assets	(77,520,000)
Bond issue costs and premiums are capitalized and amortized in the statement of net assets	(1,425,724)
Increase in non-current portion of compensated absences is not an expenditure in the funds, but is recorded as a liability in the statement of net assets	(227,549)
Property taxes unearned in the funds are recognized as revenue in the statement of activities	(73,216)
Increase in accrued interest payable from beginning of the period to the end of the period	(291,497)
Net expenditure in the internal service funds are reported in the governmental activities	212,413
Post employment benefit expense is not reported in the funds	(2,473,757)
Change in net assets of governmental activities - statement of activities	<u>\$ 4,071,307</u>

The accompanying notes are an integral part of this statement.

HAYS COUNTY, TEXAS
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
September 30, 2009

	<u>Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 135,109
Accounts receivable	1,000
Due from other funds	<u>1,558,561</u>
Total Current assets:	1,694,670
Non-current asset:	
Deposits held by paying agent	<u>205,000</u>
Total assets	<u>1,899,670</u>
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable - trade	<u>658,848</u>
Total current liabilities:	<u>658,848</u>
Total liabilities	<u>658,848</u>
NET ASSETS	
Restricted for future claims	<u>1,240,822</u>
Total net assets	<u><u>\$ 1,240,822</u></u>

The accompanying notes are an integral part of this statement.

HAYS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2009

	<u>Internal Service Fund</u>
OPERATING REVENUES:	
Charges for services	<u>\$ 7,385,775</u>
Total operating revenue	<u>7,385,775</u>
OPERATING EXPENSES:	
Medical claims	<u>7,175,056</u>
Total operating expenses	<u>7,175,056</u>
Operating Income (loss)	<u>210,719</u>
NONOPERATING REVENUES:	
Interest on deposits	<u>1,694</u>
Total nonoperating revenue	<u>1,694</u>
Change in net assets	212,413
Total net assets -- beginning	<u>1,028,409</u>
Total net assets -- ending	<u><u>\$ 1,240,822</u></u>

The accompanying notes are an integral part of this statement.

HAYS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2009

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from interfund services provided and used	\$ 7,379,592
Payments for claims	(7,266,170)
Net cash provided by operating activities	<u>113,422</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net cash (used) by noncapital financing	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,694
Net cash provided by investing activities	<u>1,694</u>
Net Increase (decrease) in cash and cash equivalents	115,116
Balances - beginning of year	<u>19,993</u>
Balances - end of the year	<u><u>\$ 135,109</u></u>
 Reconciliation of operating income (loss) to	
net cash provided (used) by operating activities:	
Operating income (loss)	\$ 210,719
Changes in assets and liabilities:	
Interfund receivables	(6,397)
Accounts receivable	214
Accounts payable - other	<u>(91,114)</u>
Net Cash provided by operating activities	<u><u>\$ 113,422</u></u>

The accompanying notes are an integral part of this statement.

HAYS COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 6,818,549
Total assets	<u>\$ 6,818,549</u>
LIABILITIES	
Due to county	\$ 585,372
Due to participants	2,305,526
Due to other agencies	2,622,607
Cash bond deposits	-
Trust accounts payable	<u>1,305,044</u>
Total liabilities	<u>\$ 6,818,549</u>

The accompanying notes are an integral part of this statement.

HAYS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

The combined financial statements of the County of Hays, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County
- the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely for the direct benefit of the County, its component units or its constituents; and 2) The County or its components units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

The County is not a component unit of any other reporting entity as defined by the GASB Statement. Based on these criteria, the County's eight Emergency Service District's are component units.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

HAYS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Road and Bridge Special Revenue Fund: This fund is used to account for resources restricted to, or designated for, road and bridge maintenance and operations.

Capital Projects Fund: This fund is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

In addition, the County reports the following fund types:

Special Revenue Funds: These funds are used to separately account for funds related to grants and contracts.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds: These funds are used to report other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary Funds: These funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of the accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

HAYS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The County has chosen to apply future FASB standards.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General, Road & Bridge Special Revenue Fund and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the county is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for doubtful accounts in the General, Road & Bridge Special Revenue Fund and Debt Service Funds was \$703,234, \$169,815 and \$171,599 respectively.

c. Inventories and Prepaid Items

Inventories on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donations. The cost of the normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	25-50
Buildings	50
Equipment and Vehicles	5-10

e. Receivable and Payable Balances

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of the year end.

f. Compensated Absences

On retirement or death of certain employees, the County pays any accrued vacation leave in a lump sum payment to such employee or his/her estate. The maximum amount an employee will be paid on termination is 240 hours.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of government-wide statement of net assets.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

B. Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At September 30, 2009, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,960,688 and the bank balance was \$8,531,583.

The County's cash deposits at September 30, 2009, and during the year ended September 30, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

HAYS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments at September 30, 2009 are shown below.

<u>Investment or Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total Portfolio</u>	<u>Weighted Average Maturity in Days</u>	<u>Rating S&P</u>
United States Treasury Note	\$ 1,049,624	1.01%	45	N/A
TexPool Investment Pool	46,197,693	44.60%	n/a	AAAm
DWS Government Cash Inst. Shares	22,248,670	21.48%	n/a	AAAm
Logic Investment Pool	18,182,969	17.56%	n/a	AAA
MBIA Class Investment Pool	15,736,893	15.19%	n/a	AAA
Security State Money Market	116,365	0.11%	n/a	AAA
Prosperity Bank CD's	38,494	0.04%	n/a	AAA
Total investments held by the County	103,570,708			
Plus cash in banks	7,960,688			
Total investments and cash held by County	111,531,396			
Less cash held in agency funds	(6,818,549)			
Total cash and cash equivalents reported on statement of net assets	\$ <u>104,712,847</u>			

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end, and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. State law dictates that in order to maintain eligibility to receive funds and invest funds on behalf of the County, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized statistical rating organization (NRSRO). State law

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

authorizes investments in obligations guaranteed by the U.S. government and does not require that these investments be rated. The County's policy is to comply with state law. At year end, all of the County's investments meet the State's requirements.

At September 30, 2009, the County's investments are rated as to credit quality as shown in the above table.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis. The County's Investment Policy requires that securities be registered in the name of the County. All safekeeping receipts for investment instruments are held in accounts in the County's name, and all securities are registered in the name of the County.

The County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

State law and the County's policy place no limit on the amount the County may invest in any one issuer. The County was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its investment time horizons by averaging investment maturities and chooses to present its exposure to interest rate changes using the weighted average maturity method. In accordance with its investment policy and state law, the County manages its interest rate risk by limiting the weighted average maturity of any investment owned by the County to the maximum of two years. The investment strategy for operating funds requires a dollar weighed average maturity of 365 days or less. Debt service funds cannot be invested in securities that have a stated final maturity date that exceeds the debt service payment date. Investment of debt service reserve funds and special project funds require high quality securities with short-term maturities. Eligible investment pools must have a weighted average maturity of no greater than 90 days. The County's exposure to interest rate risk at September 30, 2009 is summarized in the above table as the weighted average days to maturity.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Beginning Balances	Reclasses and Increases	Reclasses and Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,336,735	\$ 462,044	\$ 452,878	\$ 1,345,901
Construction in progress - infrastructure	7,964,134	15,494,696	5,992,365	17,466,465
Construction in progress	2,008,177	3,270,191	2,035,550	3,242,818
Total capital assets not being depreciated	<u>11,309,046</u>	<u>19,226,931</u>	<u>8,480,793</u>	<u>22,055,184</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	88,820,190	12,355,026	-	101,175,216
Buildings and improvements	31,583,068	2,035,550	-	33,618,618
Equipment	14,926,885	1,710,886	982,046	15,655,725
Equipment under capital lease	1,269,669	-	-	1,269,669
Total capital assets being depreciated	<u>136,599,812</u>	<u>16,101,462</u>	<u>982,046</u>	<u>151,719,228</u>
Less accumulated depreciation for:				
Infrastructure	(26,413,736)	(3,697,368)	-	(30,111,104)
Buildings and improvements	(15,216,112)	(663,228)	-	(15,879,340)
Equipment	(10,233,462)	(1,354,061)	(929,828)	(10,657,695)
Equipment under capital lease	(446,339)	(202,055)	-	(648,394)
Total accumulated depreciation	<u>(52,309,649)</u>	<u>(5,916,712)</u>	<u>(929,828)</u>	<u>(57,296,533)</u>
Total capital assets being depreciated, net	<u>84,290,163</u>	<u>10,184,750</u>	<u>52,218</u>	<u>94,422,695</u>
Governmental activities capital assets, net	<u>\$ 95,599,209</u>	<u>\$ 29,411,681</u>	<u>\$ 8,533,011</u>	<u>\$ 116,477,879</u>

Depreciation was charged to functions as follows:

General administration	\$ 264,727
Judicial	57,996
Law enforcement/corrections	715,603
Community/public service	194,565
Health and welfare	132,676
General maintenance	17,015
Streets and highways	4,534,130
	<u>\$ 5,916,712</u>

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

D. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2009, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Projects	\$ 657,810	Short-term loans
General Fund	Agency Funds	535,891	Short-term loans
General Fund	Special Revenue	117,181	Short-term loans
General Fund	Non-major capital projects	31,185	Short-term loans
	Total General Fund	<u>1,342,067</u>	
Road and Bridge	General fund	190,708	Short-term loans
Road and Bridge	Agency Funds	26,855	Short-term loans
	Total Road and Bridge	<u>217,563</u>	
Nonmajor Special Revenue Funds	General Fund	225,880	Short-term loans
Nonmajor Special Revenue Funds	Road and Bridge	613	Short-term loans
Nonmajor Special Revenue Funds	Agency Funds	17,879	
	Total Nonmajor Special Revenue Funds	<u>244,372</u>	
Nonmajor Capital Projects Funds	Major Capital Projects	21,843	Short-term loans
Nonmajor Capital Projects Funds	Other Nonmajor Capital projects	11,966	
Nonmajor Capital Projects Funds	Agency Funds	3,523	Short-term loans
	Total Nonmajor Capital Projects Funds	<u>37,332</u>	
Nonmajor Debt Service Fund	Agency Funds	<u>1,224</u>	Short-term loans
Internal Service Fund	General Fund	1,528,836	Short-term loans
Internal Service Fund	Road & Bridge Fund	29,725	Short-term loans
	Total Internal Service Fund	<u>1,558,561</u>	
	Total	\$ <u>3,401,119</u>	
Total Governmental Funds due from other funds		\$ 1,842,559	
Total Governmental Funds due to other funds		(2,815,748)	
Total Internal Service Fund		1,558,561	
Total Agency Funds		<u>(585,372)</u>	
		\$ <u>-</u>	

All amounts due are scheduled to be repaid within one year.

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2009, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Other Governmental Funds	\$ 941,653	Supplement construction costs
Park Bond Fund	Other Governmental Funds	636,409	Supplement program costs
	Total Transfers	<u>\$ 1,578,062</u>	

E. Due to Other Governments

Due to other governments are summarized below:

<u>Fund</u>	<u>Amount</u>
General Fund	
Court fines due to State	\$ 356,265
Unclaimed funds due to State	50,440
Other amounts due to state and others	<u>107,550</u>
	514,255
Other Special Revenue Funds	
Grant refund due to State	979
Total due to other governments	<u>\$ 515,234</u>

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 67,480,000	\$ 77,520,000	\$ 4,305,000	\$ 140,695,000	\$ 4,125,000
Capital leases	1,012,159	-	481,420	530,739	530,739
Compensated absences *	1,798,729	1,247,283	1,019,734	2,026,278	-
Post employment benefits	-	2,473,757	-	2,473,757	-
	70,290,888	81,241,040	5,806,154	145,725,774	4,655,739
Bond premiums	867,387	1,820,819	56,339	2,631,867	-
Total governmental activities	\$ 71,158,275	\$ 83,061,859	\$ 5,862,493	\$ 148,357,641	\$ 4,655,739

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund

In November 2009 Hays County voters approved a \$207,000,000 bond issue for road projects. Of that total, \$133,000,000 will be reimbursed by TxDOT over a 10 year period. Bonds will be issued as projects commence.

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2009, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 4,125,000	\$ 6,321,682	\$ 10,446,682
2011	4,695,000	6,154,328	10,849,328
2012	3,890,000	5,973,633	9,863,633
2013	5,650,000	5,799,433	11,449,433
2014	5,190,000	5,592,483	10,782,483
2015-2019	30,295,000	21,891,262	52,186,262
2020-2024	38,445,000	16,430,055	54,875,055
2025-2029	37,360,000	8,040,184	45,400,184
2030-2032	11,045,000	728,678	11,773,678
	\$ 140,695,000	\$ 76,931,738	\$ 217,626,738

Interest rates on long-term debt ranges from 2% to 5.125%

HAYS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2009, as follows:

<u>Year Ending September 30:</u>	
2010	\$ <u>544,966</u>
Total Minimum Rentals	<u>544,966</u>
Less Amount Representing Interest	<u>(14,226)</u>
Net Present Value	<u>\$ 530,740</u>

The effective interest rate on capital leases ranges from 3.5% to 3.67%.

The total assets acquired under capital leases cost \$1,269,669 and have accumulated depreciation of \$648,394 at September 30, 2009.

4. Continuing Disclosure

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

G. Accumulated Unpaid Compensated Absences

On retirement or death of certain employees, the County pays any annual leave and compensating time in a lump sum payment to such employee or his/her estate. A summary of changes in the accumulated leave liability follows:

	<u>Compensated Absences</u>
Balance, September 30, 2008	\$ 1,798,729
Additions - new entrants and salary increments	1,247,283
Payments	<u>(1,019,734)</u>
Balance, September 30, 2009	<u>\$ 2,026,278</u>

H. Fund Balance Deficits

The 2009 ORCA/Cedar Oaks Mesa has a deficit fund balance of \$8,848. This deficit will be liquidated in FY 2010 by a general fund transfer.

I. Pension Plan

1. Plan Description

The County's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides The County as an employer provides retirement, disability, and death benefits for all its full-time employees through a nontraditional defined-benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The plan is a statewide, multi-employer, public employee retirement system consisting of over 600 participants.

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

The plan provisions for the County are adopted by the County Commissioners within the options available in the Texas state statutes governing TCDRS. Members can retire at ages of 60 and above with 8 years of service; with 30 years of service regardless of age; or when the sum of their ages and years of service equals 75 or more. Members are vested after 8 years of service but their accumulated deposits and allocated interest must remain in the plan to receive any employer financed benefit. Members who withdraw their personal account balance in a lump sum prior to retirement are not entitled to any amounts contributed by the County.

2. Funding Policy

Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is 9.3% of annual covered payroll. The County's contributions to the TCDRS for the years ending September 30, 2009, 2008, and 2007 were \$3,182,965, \$2,813,548, and \$2,845,573 respectively, and were equal to the required contributions for each year.

3. Benefit Amounts

Benefits are determined by the sum of the employee's deposits to the plan, with interest, and County-financed monetary credits. The level of those monetary credits is adopted by the Commissioners Court within the constraints imposed by the TCDRS Act.

4. Annual Pension Cost

The County's annual pension cost of \$3,182,965 for the Plan was equal to the County's required and actual contributions.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	2,845,573	100%	-
September 30, 2008	2,813,548	100%	-
September 30, 2009	3,182,965	100%	-

Since the TCDRS does not value the assets of individual counties, the actuarial assumptions used to set the required contribution rate of the County are based on TCDRS as a whole. The December 2008 valuation date is the most recent.

HAYS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

5. Trend Information for the Plan

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial method	Entry Age	Entry Age	Entry Age
Amortization method	Level	Level	Level
	percentage of	percentage of	percentage of
	payroll, closed	payroll, closed	payroll, closed
Amortization period	15 years	15 years	20 years
Asset valuation method	10-year smoothed value	10-year smoothed value	10-year smoothed value
Actuarial assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%
Funding information:			
Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial value of assets	\$59,219,217	\$66,510,030	\$68,282,568
Actuarial accrued liability	\$64,751,617	\$72,368,833	\$80,633,307
Unfunded actuarial accrued liability	\$5,532,400	\$5,858,803	\$12,350,739
Funded ratio	91.46%	91.90%	84.68%
Annual covered payroll	\$27,303,014	\$28,923,056	\$31,884,048
Unfunded actuarial liability as a percent of payroll	20.26%	20.26%	38.74%

J. Health Care Coverage

During the year ended September 30, 2009, employees of the County were covered by a health insurance plan (the Plan). The County contributed \$644 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator acting on behalf of the self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the County and the third party administrator is renewable October 1, 2009, and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statute, the County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Cigna, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$165,000 and for aggregate loss of \$6,547,866.

HAYS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

Following is a reconciliation of changes in the aggregate liabilities for health claims for the current fiscal year:

Claims payable, October 1, 2008	\$	444,709
Claims incurred		5,382,428
Claims paid		(5,432,854)
Claims payable, September 30, 2009	\$	<u>394,283</u>

Latest financial statements for the self insurance fund are available for the year ended September 30, 2009, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

L. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2009, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The County pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

HAYS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
For the Year Ended September 30, 2009

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes:				
Ad valorem	\$ 31,052,509	\$ 31,052,509	\$ 31,568,159	\$ 515,650
Sales and use	9,360,000	9,360,000	9,799,371	439,371
Fees of office	400,000	400,000	254,071	(145,929)
Fines	2,410,000	2,410,000	2,033,045	(376,955)
Charges for services	7,455,100	7,455,100	7,353,007	(102,093)
Interest on deposits	1,162,500	1,162,500	198,609	(963,891)
Operating grants and contributions	3,102,540	3,300,685	2,450,961	(849,724)
Miscellaneous revenue	582,684	614,797	636,004	21,207
TOTAL REVENUES	55,525,333	55,755,591	54,293,227	(1,462,364)
EXPENDITURES:				
Current:				
General government	16,552,359	16,319,114	13,877,156	2,441,958
Justice system	7,222,846	7,224,193	6,950,750	273,443
Law enforcement/corrections	28,245,162	28,633,433	27,938,455	694,978
Community and economic development	2,347,379	2,486,654	1,742,956	743,698
Health and human services	2,927,631	3,168,377	3,072,496	95,881
General maintenance	1,161,880	1,175,499	1,086,894	88,605
Capital outlay	65,000	65,000	1,121	63,879
Total expenditures	58,522,257	59,072,270	54,669,828	4,402,442
Excess (deficiency) of revenues over (under) expenditures	(2,996,924)	(3,316,679)	(376,601)	2,940,078
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(1,046,323)	(1,046,323)	(941,653)	104,670
Total other financing sources and (uses)	(1,046,323)	(1,046,323)	(941,653)	104,670
Net change in fund balances	(4,043,247)	(4,363,002)	(1,318,254)	3,044,748
Fund balances -- beginning	26,133,859	26,133,859	26,133,859	-
Fund balances -- ending	\$ 22,090,612	\$ 21,770,857	\$ 24,815,605	\$ 3,044,748

**HAYS COUNTY, TEXAS
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
For the Year Ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Ad valorem	\$ 7,949,170	\$ 7,949,170	\$ 8,092,544	\$ 143,374
Auto registration and title	1,451,300	1,451,300	1,632,307	181,007
Sales tax	850,000	850,000	851,006	
Interest on deposits	150,000	150,000	44,923	(105,077)
Fines and forfeitures	815,000	815,000	650,251	(164,749)
Other revenue	920,000	940,295	44,708	(895,587)
TOTAL REVENUES	<u>12,135,470</u>	<u>12,155,765</u>	<u>11,315,739</u>	<u>(841,032)</u>
EXPENDITURES:				
Current:				
Infrastructure and environment	<u>13,265,545</u>	<u>13,304,567</u>	<u>10,901,906</u>	<u>2,402,661</u>
Total expenditures	<u>13,265,545</u>	<u>13,304,567</u>	<u>10,901,906</u>	<u>2,402,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,130,075)</u>	<u>(1,148,802)</u>	<u>413,833</u>	<u>1,562,635</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	<u>-</u>	<u>16,428</u>	<u>-</u>	<u>(16,428)</u>
Total other financing sources and (uses)	<u>-</u>	<u>16,428</u>	<u>-</u>	<u>(16,428)</u>
Net change in fund balances	<u>(1,130,075)</u>	<u>(1,132,374)</u>	<u>413,833</u>	<u>1,546,207</u>
Fund balances -- beginning	<u>3,077,793</u>	<u>3,077,793</u>	<u>3,077,793</u>	<u>-</u>
Fund balances -- ending	<u>\$ 1,947,718</u>	<u>\$ 1,945,419</u>	<u>\$ 3,491,626</u>	<u>\$ 1,546,207</u>

HAYS COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. The County Commissioners adopt an "appropriated budget" on a basis consistent with GAAP. At a minimum, the County is required to present the original and the final amended budgets for revenues and expenditures as compared to actual.

Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

HAYS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	SHERIFF ABANDONED VEHICLE FUND	COURTHOUSE RECORDS MANAGEMENT	COURTHOUSE RECORDS PRESERVATION	HEALTH SERVICES GRANTS FUND
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 29,895	\$ 264,778	\$ 134,940	\$ 2,463
Receivables:				
Ad valorem taxes	-	-	-	-
Other	-	-	-	103,554
Due from other funds	-	121,830	21,042	-
Total current assets:	<u>29,895</u>	<u>386,608</u>	<u>155,982</u>	<u>106,017</u>
Total assets	<u>\$ 29,895</u>	<u>\$ 386,608</u>	<u>\$ 155,982</u>	<u>\$ 106,017</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable - trade	\$ -	\$ 6,162	\$ 25,218	\$ 3,678
Unearned revenues	-	-	-	-
Due to others	-	-	-	-
Due to other funds	-	-	-	57,688
Total current liabilities:	<u>-</u>	<u>6,162</u>	<u>25,218</u>	<u>61,366</u>
Total liabilities	<u>-</u>	<u>6,162</u>	<u>25,218</u>	<u>61,366</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Debt service	-	-	-	-
Unreserved, designated for:				
Capital projects	-	-	-	-
Special revenue funds	-	-	-	-
Unreserved, reported in				
Special revenue funds	<u>29,895</u>	<u>380,446</u>	<u>130,764</u>	<u>44,651</u>
Total fund balances	<u>29,895</u>	<u>380,446</u>	<u>130,764</u>	<u>44,651</u>
Total liabilities and fund balances	<u>\$ 29,895</u>	<u>\$ 386,608</u>	<u>\$ 155,982</u>	<u>\$ 106,017</u>

<u>DISTRICT ATTORNEY HOT CHECK/FEE FUND</u>	<u>COURTHOUSE LAW LIBRARY FUND</u>	<u>HAYS COUNTY HISTORICAL COMMISSION</u>
\$ 5,281	\$ 13,206	\$ 19,426
-	-	-
2,509	-	193
-	14,585	-
<u>7,790</u>	<u>27,791</u>	<u>19,619</u>
<u>\$ 7,790</u>	<u>\$ 27,791</u>	<u>\$ 19,619</u>
\$ -	\$ 5,096	\$ 415
-	-	-
979	-	-
414	-	-
<u>1,393</u>	<u>5,096</u>	<u>415</u>
<u>1,393</u>	<u>5,096</u>	<u>415</u>
-	-	-
-	-	-
-	-	-
-	-	-
<u>6,397</u>	<u>22,695</u>	<u>19,204</u>
<u>6,397</u>	<u>22,695</u>	<u>19,204</u>
<u>\$ 7,790</u>	<u>\$ 27,791</u>	<u>\$ 19,619</u>

(continued)

HAYS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	<u>LCRA SERVICE FEE FUND</u>	<u>SHERIFF BAIL BOND FUND</u>	<u>SHERIFF SPECIAL PROJECTS FUND</u>	<u>COURTHOUSE SECURITY FUND</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 320,821	\$ 51,354	\$ 15,033	\$ 27,471
Receivables:				
Ad valorem taxes	-	-	-	-
Other	49,000	-	-	-
Due from other funds	-	613	-	24,760
Total current assets:	<u>369,821</u>	<u>51,967</u>	<u>15,033</u>	<u>52,231</u>
Total assets	<u>\$ 369,821</u>	<u>\$ 51,967</u>	<u>\$ 15,033</u>	<u>\$ 52,231</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable - trade	\$ 17,901	\$ 14,018	\$ -	\$ 18
Unearned revenues	4,000	-	-	-
Due to others	-	-	-	-
Due to other funds	-	-	-	-
Total current liabilities:	<u>21,901</u>	<u>14,018</u>	<u>-</u>	<u>18</u>
Total liabilities	<u>21,901</u>	<u>14,018</u>	<u>-</u>	<u>18</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved, designated for:				
Capital projects	-	-	-	-
Special revenue funds	-	-	-	-
Unreserved, reported in				
Special revenue funds	<u>347,920</u>	<u>37,949</u>	<u>15,033</u>	<u>52,213</u>
Total fund balances	<u>347,920</u>	<u>37,949</u>	<u>15,033</u>	<u>52,213</u>
Total liabilities and fund balances	<u>\$ 369,821</u>	<u>\$ 51,967</u>	<u>\$ 15,033</u>	<u>\$ 52,231</u>

SHERIFF'S DRUG FORFEITURE FUND	DISTRICT ATTORNEY'S DRUG FORFEITURE FUND	FAMILY HEALTH SERVICES FUND
\$ 57,418	\$ 5,738	\$ 5,293
-	-	-
8,350	-	107,507
-	-	36,000
65,768	5,738	148,800
<u>\$ 65,768</u>	<u>\$ 5,738</u>	<u>\$ 148,800</u>
\$ 450	\$ 2,327	\$ 5,623
-	-	-
-	-	-
-	-	59,080
450	2,327	64,703
450	2,327	64,703
-	-	-
-	-	-
-	-	-
65,318	3,411	84,097
65,318	3,411	84,097
<u>\$ 65,768</u>	<u>\$ 5,738</u>	<u>\$ 148,800</u>

(continued)

HAYS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	<u>COURT BUILDING SECURITY FUND</u>	<u>COURT REPORTERS SERVICE FUND</u>	<u>JUSTICE COURT TECHNOLOGY FUND</u>	<u>TOBACCO SETTLEMENT FUND</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 54,578	\$ 27,429	\$ 253,612	\$ 600,242
Receivables:				
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Due from other funds	2,146	10,939	8,861	-
Total current assets:	<u>56,724</u>	<u>38,368</u>	<u>262,473</u>	<u>600,242</u>
Total assets	<u>\$ 56,724</u>	<u>\$ 38,368</u>	<u>\$ 262,473</u>	<u>\$ 600,242</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable - trade	\$ -	\$ 960	\$ 38,866	\$ -
Unearned revenues	-	-	-	-
Due to participants	-	-	-	-
Due to others	-	-	-	-
Due to other funds	-	-	-	-
Total current liabilities:	<u>-</u>	<u>960</u>	<u>38,866</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>960</u>	<u>38,866</u>	<u>-</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved, reported in				
Special revenue funds	56,724	37,408	223,607	600,242
Total fund balances	<u>56,724</u>	<u>37,408</u>	<u>223,607</u>	<u>600,242</u>
Total liabilities and fund balances	<u>\$ 56,724</u>	<u>\$ 38,368</u>	<u>\$ 262,473</u>	<u>\$ 600,242</u>

COUNTY CLERK GUARDIANSHIP FEE FUND	COUNTY EDUCATION FUND	SHERIFF FEDERAL DISCRETIONARY FUND
\$ 8,336	\$ 12,224	\$ 36,329
-	-	-
-	-	-
2,120	-	-
10,456	12,224	36,329
<u>\$ 10,456</u>	<u>\$ 12,224</u>	<u>\$ 36,329</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
10,456	12,224	36,329
10,456	12,224	36,329
<u>\$ 10,456</u>	<u>\$ 12,224</u>	<u>\$ 36,329</u>

(continued)

HAYS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	ALTERNATIVE DISPUTE RESOLUTION	D.A. STATE APPROPRIATION MENT FUND	SHERIFF COMMISSARY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 13,178	\$ 46,727	\$ 2,005,772
Receivables:				
Ad valorem taxes	-	-	-	-
Other	-	-	-	271,113
Due from other funds	1,477	-	-	244,373
Total current assets:	1,477	13,178	46,727	2,521,258
Total assets	\$ 1,477	\$ 13,178	\$ 46,727	\$ 2,521,258
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable - trade	\$ -	\$ -	\$ -	\$ 120,732
Unearned revenues	-	-	-	4,000
Due to others	-	-	-	979
Due to other funds	-	-	-	117,182
Total current liabilities:	-	-	-	242,893
Total liabilities	-	-	-	242,893
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved, designated for:				
Capital projects	-	-	-	-
Special revenue funds	1,477	13,178	46,727	2,278,365
Total fund balances	1,477	13,178	46,727	2,278,365
Total liabilities and fund balances	\$ 1,477	\$ 13,178	\$ 46,727	\$ 2,521,258

INTEREST AND SINKING FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 3,451,533	\$ 347,542	\$ 5,804,847
85,305	-	85,305
30,843	115,578	417,534
1,224	37,332	282,929
3,568,905	500,452	6,590,615
<u>\$ 3,568,905</u>	<u>\$ 500,452</u>	<u>\$ 6,590,615</u>
\$ 213,303	\$ 107,456	\$ 441,491
85,305	-	89,305
-	-	979
-	43,150	160,332
298,608	150,606	692,107
298,608	150,606	692,107
3,270,297	-	3,270,297
-	349,846	349,846
-	-	2,278,365
3,270,297	349,846	5,898,508
<u>\$ 3,568,905</u>	<u>\$ 500,452</u>	<u>\$ 6,590,615</u>

HAYS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	SHERIFF ABANDONED VEHICLE FUND	COURTHOUSE RECORDS MANAGEMENT	COURTHOUSE RECORDS PRESERVATION
REVENUES			
Ad valorem taxes	\$ -	\$ -	\$ -
Fees of office	-	384,184	64,246
Reimbursements	-	-	-
Charges for services	-	-	-
Interest on deposits	214	2,180	1,828
Operating grants and contributions	-	-	-
Other revenue	-	-	-
Total revenues	<u>214</u>	<u>386,364</u>	<u>66,074</u>
EXPENDITURES			
Current:			
Community/public service	-	-	-
General government	-	287,005	186,098
Health and human services	-	-	-
Justice system	-	-	-
Law enforcement/corrections	-	-	-
Capital outlay			
Infrastructure and environment	-	-	-
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>-</u>	<u>287,005</u>	<u>186,098</u>
Excess (deficiency) of revenues over expenditures	<u>214</u>	<u>99,359</u>	<u>(120,024)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	214	99,359	(120,024)
Fund balances -- beginning	29,681	281,087	250,788
Fund balances -- ending	<u>\$ 29,895</u>	<u>\$ 380,446</u>	<u>\$ 130,764</u>

HEALTH SERVICES GRANTS FUND	DISTRICT ATTORNEY HOT CHECK/FEE FUND	COURTHOUSE LAW LIBRARY FUND	HAYS COUNTY HISTORICAL COMMISSION
\$ -	\$ -	\$ -	\$ -
89,241	28,517	43,788	-
-	-	-	-
-	-	-	-
119	-	322	175
1,426,477	-	-	-
-	-	-	3,028
<u>1,515,837</u>	<u>28,517</u>	<u>44,110</u>	<u>3,203</u>
-	-	-	2,302
-	-	-	-
1,775,494	-	-	-
-	25,874	71,724	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,775,494</u>	<u>25,874</u>	<u>71,724</u>	<u>2,302</u>
<u>(259,657)</u>	<u>2,643</u>	<u>(27,614)</u>	<u>901</u>
304,308	(4,290)	-	-
304,308	(4,290)	-	-
44,651	(1,647)	(27,614)	901
-	8,044	50,309	18,303
<u>\$ 44,651</u>	<u>\$ 6,397</u>	<u>\$ 22,695</u>	<u>\$ 19,204</u>

(continued)

HAYS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	LCRA SERVICE FEE FUND	SHERIFF BAIL BOND FUND	SHERIFF SPECIAL PROJECTS FUND
REVENUES			
Ad valorem taxes	\$ -	\$ -	\$ -
Fees of office	211,362	2,150	2,900
Reimbursements	-	-	-
Charges for services	-	-	-
Interest on deposits	2,805	374	116
Operating grants and contributions	98,000	-	-
Other revenue	-	-	-
Asset forfeitures	-	-	-
Total revenues	<u>312,167</u>	<u>2,524</u>	<u>3,016</u>
EXPENDITURES			
Current:			
Community and economic development	-	-	-
General government	263,836	-	-
Health and human services	-	-	-
Justice system	-	-	-
Law enforcement/corrections	-	310	3,653
Capital outlay			
Infrastructure and environment	-	-	-
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>263,836</u>	<u>310</u>	<u>3,653</u>
Excess (deficiency) of revenues over expenditures	<u>48,331</u>	<u>2,214</u>	<u>(637)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	-	-	-
Total other financing sources and (uses)	-	-	-
Net change in fund balances	<u>48,331</u>	<u>2,214</u>	<u>(637)</u>
Fund balances -- beginning	<u>299,589</u>	<u>35,735</u>	<u>15,670</u>
Fund balances -- ending	<u>\$ 347,920</u>	<u>\$ 37,949</u>	<u>\$ 15,033</u>

COURTHOUSE SECURITY FUND	SHERIFF'S DRUG FORFEITURE FUND	DISTRICT ATTORNEY'S DRUG FORFEITURE FUND	FAMILY HEALTH SERVICES FUND
\$ -	\$ -	\$ 13,516	\$ -
98,715	22,110	-	-
-	-	-	-
-	-	-	462,243
375	426	11	63
-	-	-	-
-	-	200	-
-	-	-	-
99,090	22,536	13,727	462,306
-	-	-	-
-	-	-	-
-	-	-	832,122
186,171	-	-	-
-	6,084	8,364	-
-	-	-	-
-	-	-	-
-	-	-	-
186,171	6,084	8,364	832,122
(87,081)	16,452	5,363	(369,816)
61,211	-	(2,293)	453,913
61,211	-	(2,293)	453,913
(25,870)	16,452	3,070	84,097
78,083	48,866	341	-
\$ 52,213	\$ 65,318	\$ 3,411	\$ 84,097

(continued)

HAYS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	COURT BUILDING SECURITY FUND	COURT REPORTERS SERVICE FUND	JUSTICE COURT TECHNOLOGY FUND
REVENUES			
Ad valorem taxes	\$ -	\$ -	\$ -
Fees of office	13,646	32,856	56,408
Reimbursements	-	-	-
Charges for services	-	-	-
Interest on deposits	327	253	1,808
Operating grants and contributions	-	-	-
Other revenue	-	-	-
Asset forfeitures	-	-	-
Total revenues	<u>13,973</u>	<u>33,109</u>	<u>58,216</u>
EXPENDITURES			
Current:			
Community and economic development	-	-	-
General government	-	-	-
Health and human services	-	-	-
Justice system	-	28,125	84,194
Public safety	-	-	-
Capital outlay			
Infrastructure and environment	-	-	-
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>-</u>	<u>28,125</u>	<u>84,194</u>
Excess (deficiency) of revenues over expenditures	<u>13,973</u>	<u>4,984</u>	<u>(25,978)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>13,973</u>	<u>4,984</u>	<u>(25,978)</u>
Fund balances -- beginning	<u>42,751</u>	<u>32,424</u>	<u>249,585</u>
Fund balances -- ending	<u>\$ 56,724</u>	<u>\$ 37,408</u>	<u>\$ 223,607</u>

TOBACCO SETTLEMENT FUND	COUNTY CLERK GUARDIANSHIP FEE FUND	COUNTY EDUCATION FUND	SHERIFF FEDERAL DISCRETIONARY FUND
\$ -	\$ -	\$ -	\$ -
-	5,900	-	-
-	-	-	-
-	-	-	-
3,573	43	67	69
-	-	15,409	-
170,418	-	-	-
-	-	-	24,103
173,991	5,943	15,476	24,172
-	-	-	-
-	-	-	-
-	-	-	-
-	-	21,527	100
-	-	-	-
-	-	-	-
-	-	-	-
-	-	21,527	100
173,991	5,943	(6,051)	24,072
-	-	-	-
-	-	-	-
173,991	5,943	(6,051)	24,072
426,251	4,513	18,275	12,257
\$ 600,242	\$ 10,456	\$ 12,224	\$ 36,329

(continued)

HAYS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	ALTERNATIVE DISPUTE RESOLUTION	D.A. STATE APPROPRIATIONMENT FUND	SHERIFF COMMISSARY FUND
REVENUES			
Ad valorem taxes	\$ -	\$ -	\$ -
Fees of office	1,477	-	-
Fines	-	-	-
Charges for services	-	37,341	-
Interest on deposits	-	-	-
Operating grants and contributions	-	-	-
Other revenue	-	-	162,004
Asset forfeitures	-	-	-
Total revenues	<u>1,477</u>	<u>37,341</u>	<u>162,004</u>
EXPENDITURES			
Current:			
Community and economic development	-	-	-
General government	-	-	-
Health and human services	-	-	-
Justice system	-	-	-
Law enforcement/corrections	-	30,746	161,127
Capital outlay			
Infrastructure and environment	-	-	-
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>-</u>	<u>30,746</u>	<u>161,127</u>
Excess (deficiency) of revenues over expenditures	<u>1,477</u>	<u>6,595</u>	<u>877</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	6,583	-
Other financing sources (uses)	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>6,583</u>	<u>-</u>
Net change in fund balances	<u>1,477</u>	<u>13,178</u>	<u>877</u>
Fund balances -- beginning	<u>-</u>	<u>-</u>	<u>45,850</u>
Fund balances -- ending	<u>\$ 1,477</u>	<u>\$ 13,178</u>	<u>\$ 46,727</u>

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	INTEREST AND SINKING FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 13,516	\$ 7,007,647	\$ -	\$ 7,021,163
1,057,500	-	-	1,057,500
-	-	-	-
499,584	-	65,351	564,935
15,148	43,281	5,491	63,920
1,539,886	-	748,894	2,288,780
332,622	348,000	-	680,622
27,131	-	-	27,131
<u>3,485,387</u>	<u>7,398,928</u>	<u>819,736</u>	<u>11,704,051</u>
\$ 2,302	\$ -	\$ -	\$ 2,302
736,939	-	-	736,939
2,607,616	-	-	2,607,616
396,088	-	-	396,088
231,911	-	-	231,911
-	-	-	-
-	-	1,061,427	1,061,427
-	2,716	-	2,716
-	3,270,487	-	3,270,487
-	4,305,000	-	4,305,000
<u>3,974,856</u>	<u>7,578,203</u>	<u>1,061,427</u>	<u>12,614,486</u>
<u>(489,469)</u>	<u>(179,275)</u>	<u>(241,691)</u>	<u>(910,435)</u>
819,432	-	758,630	1,578,062
-	1,023,218	-	1,023,218
<u>819,432</u>	<u>1,023,218</u>	<u>758,630</u>	<u>2,601,280</u>
329,963	843,943	516,939	1,690,845
1,948,402	2,426,354	(167,093)	4,207,663
<u>\$ 2,278,365</u>	<u>\$ 3,270,297</u>	<u>\$ 349,846</u>	<u>\$ 5,898,508</u>

**HAYS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2009**

	<u>PARKS FUND</u>	<u>2003 PARKS BOND FUND</u>	<u>INFRASTRUCTURE IMPROVEMENT FEE FUND</u>	<u>2005 CERTIFICATES OF OBLIGATIONS</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 52,543	\$ -	\$ 228,378	\$ 2
Receivables:				
Ad valorem taxes	-	-	-	-
Due from other funds	-	-	-	-
Accounts receivable	-	-	-	-
Total current assets:	<u>52,543</u>	<u>-</u>	<u>228,378</u>	<u>2</u>
Total assets	<u>\$ 52,543</u>	<u>\$ -</u>	<u>\$ 228,378</u>	<u>\$ 2</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable - trade	\$ 4,335	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>4,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Debt service	-	-	-	-
Unreserved, designated for:				
Capital projects	<u>48,208</u>	<u>-</u>	<u>228,378</u>	<u>2</u>
Total fund balances	<u>48,208</u>	<u>-</u>	<u>228,378</u>	<u>2</u>
Total liabilities and fund balances	<u>\$ 52,543</u>	<u>\$ -</u>	<u>\$ 228,378</u>	<u>\$ 2</u>

FIVE MILE DAM PARK	2004 ROAD BOND	CIVIL COURTS BUILDING FUND	ORCA/CEDAR OAKS MESA	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ -	\$ -	\$ 66,618	\$ 1	\$ 347,542
-	-	-	-	-
21,844	-	15,488	-	37,332
-	-	-	115,578	115,578
21,844	-	82,106	115,579	500,452
<u>\$ 21,844</u>	<u>\$ -</u>	<u>\$ 82,106</u>	<u>\$ 115,579</u>	<u>\$ 500,452</u>
\$ 21,844	\$ -	\$ -	\$ 81,277	107,456
-	-	-	43,150	43,150
21,844	-	-	124,427	150,606
-	-	-	-	-
-	-	-	-	-
-	-	82,106	(8,848)	349,846
-	-	82,106	(8,848)	349,846
<u>\$ 21,844</u>	<u>\$ -</u>	<u>\$ 82,106</u>	<u>\$ 115,579</u>	<u>\$ 500,452</u>

HAYS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended September 30, 2009

	PARKS FUND	2003 PARKS BOND FUND	INFRASTRUCTURE IMPROVEMENT FEE FUND	2005 CERTIFICATES OF OBLIGATIONS
REVENUES				
Charges for services	\$ -	\$ -	\$ 8,900	\$ -
Interest on deposits	290	787	1,586	55
Operating grants and contributions	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>290</u>	<u>787</u>	<u>10,486</u>	<u>55</u>
EXPENDITURES				
Capital outlay				
Infrastructure and environment	92,327	153,316	-	7,778
Total expenditures	<u>92,327</u>	<u>153,316</u>	<u>-</u>	<u>7,778</u>
Excess (deficiency) of revenues over expenditures	<u>(92,037)</u>	<u>(152,529)</u>	<u>10,486</u>	<u>(7,723)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	122,221	-	-	-
Total other financing sources and (uses)	<u>122,221</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>30,184</u>	<u>(152,529)</u>	<u>10,486</u>	<u>(7,723)</u>
Fund balances -- beginning	18,024	152,529	217,892	7,725
Fund balances -- ending	<u>\$ 48,208</u>	<u>\$ -</u>	<u>\$ 228,378</u>	<u>\$ 2</u>

FIVE MILE DAM PARK	2004 ROAD BOND	CIVIL COURTS BUILDING FUND	ORCA/CEDAR OAKS MESA	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
	\$ -	\$ 56,451	\$ -	\$ 65,351
-	2,490	283	-	5,491
585,116	-	-	163,778	748,894
-	-	-	-	-
585,116	2,490	56,734	163,778	819,736
634,577	803	-	172,626	1,061,427
634,577	803	-	172,626	1,061,427
(49,461)	1,687	56,734	(8,848)	(241,691)
636,409	-	-	-	758,630
636,409	-	-	-	758,630
586,948	1,687	56,734	(8,848)	516,939
(586,948)	(1,687)	25,372	-	(167,093)
\$ -	\$ -	\$ 82,106	\$ (8,848)	349,846

**HAYS COUNTY, TEXAS
AGENCY FUNDS
COMBINING BALANCE SHEET
September 30, 2009**

	COUNTY CLERK TRUST FUND	DISTRICT ATTORNEY FORFEITURE FUND	DISTRICT CLERK TRUST FUND	COUNTY CLERK AGENCY FUND	TRANSFER STATION AGENCY FUND	DISTRICT ATTORNEY HOT CHECK FUND
ASSETS:						
Cash:						
Cash and cash equivalents	\$ 348,192	\$ 154,436	\$ 956,852	\$ 415,316	\$ 28,442	\$ 9,109
Total assets	<u>\$ 348,192</u>	<u>\$ 154,436</u>	<u>\$ 956,852</u>	<u>\$ 415,316</u>	<u>\$ 28,442</u>	<u>\$ 9,109</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Due to County	\$ -	\$ -	\$ -	\$ 5,019	\$ 28,442	\$ -
Due to participants	-	154,436	-	410,297	-	9,109
Due to other agencies	-	-	-	-	-	-
Cash bond deposits	-	-	-	-	-	-
Trust account payable	348,192	-	956,852	-	-	-
Total liabilities	<u>\$ 348,192</u>	<u>\$ 154,436</u>	<u>\$ 956,852</u>	<u>\$ 415,316</u>	<u>\$ 28,442</u>	<u>\$ 9,109</u>

<u>DISTRICT CLERK AGENCY FUND</u>	<u>SHERIFF INMATE TRUST FUND</u>	<u>JUSTICES OF PEACE AGENCY FUND</u>	<u>SHERIFF BONDS AND FINES FUND</u>	<u>TAX COLLECTOR FUND</u>	<u>CONSTABLES AGENCY FUND</u>	<u>TOTALS</u>
\$ 1,717,445	\$ 10,308	\$ 494,376	\$ -	\$ 2,675,913	\$ 8,160	\$ 6,818,549
<u>\$ 1,717,445</u>	<u>\$ 10,308</u>	<u>\$ 494,376</u>	<u>\$ -</u>	<u>\$ 2,675,913</u>	<u>\$ 8,160</u>	<u>\$ 6,818,549</u>
		-				
\$ 4,229	\$ -	\$ 494,376	\$ -	\$ 53,306	\$ -	\$ 585,372
1,713,216	10,308	-	-	-	8,160	2,305,526
-	-	-	-	2,622,607	-	2,622,607
-	-	-	-	-	-	-
-	-	-	-	-	-	1,305,044
<u>\$ 1,717,445</u>	<u>\$ 10,308</u>	<u>\$ 494,376</u>	<u>\$ -</u>	<u>\$ 2,675,913</u>	<u>\$ 8,160</u>	<u>\$ 6,818,549</u>

**HAYS COUNTY, TEXAS
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
September 30, 2009**

	Special Districts					
	EMERGENCY SERVICES DISTRICT #1	EMERGENCY SERVICES DISTRICT #2	EMERGENCY SERVICES DISTRICT #3	EMERGENCY SERVICES DISTRICT #4	EMERGENCY SERVICES DISTRICT #5	EMERGENCY SERVICES DISTRICT #6
ASSETS						
Cash:						
Cash and cash equivalents	\$ 692,707	\$ 776,904	\$ 173,260	\$ 309,392	\$ 290,148	\$ 1,113,710
With fiscal agent	-	-	-	561	-	-
Receivables (net):						
Delinquent ad valorem taxes	-	-	553,573	12,862	-	33,065
Other receivables	-	-	67,265	-	-	5,014
Other current assets	-	-	52,755	-	-	-
Capital assets (net of accumulated depreciation)						
Land	-	-	70,235	25,057	-	66,696
Buildings	-	-	1,000,761	377,329	-	1,735,057
Furniture, fixtures and equipment	130,735	164,870	1,104,914	429,466	-	1,272,386
Construction in process	-	-	-	-	-	-
Total assets	<u>823,442</u>	<u>941,774</u>	<u>3,022,763</u>	<u>1,154,667</u>	<u>290,148</u>	<u>4,225,928</u>
LIABILITIES						
Miscellaneous payables	1,205	-	41,546	219	-	108,559
Accrued expenses	-	-	39,051	-	-	103,595
Noncurrent liabilities:						
Due within one year	-	-	216,295	76,500	-	269,265
Due in more than one year	-	-	806,976	-	-	1,770,392
Total Liabilities	<u>1,205</u>	<u>-</u>	<u>1,103,868</u>	<u>76,719</u>	<u>-</u>	<u>2,251,811</u>
NET ASSETS						
Invested in capital assets, net of related debt	130,735	164,870	1,152,639	755,352	-	1,034,482
Unrestricted	<u>691,502</u>	<u>776,904</u>	<u>766,256</u>	<u>322,596</u>	<u>290,148</u>	<u>939,635</u>
Total net assets	<u>\$ 822,237</u>	<u>\$ 941,774</u>	<u>\$ 1,918,895</u>	<u>\$ 1,077,948</u>	<u>\$ 290,148</u>	<u>\$ 1,974,117</u>

EMERGENCY SERVICES DISTRICT #7	EMERGENCY SERVICES DISTRICT #8	TOTALS
\$ 581,584	\$ 706,664	\$ 4,644,369
-		561
-	29,868	629,368
-		72,279
-		52,755
-	16,500	178,488
-	896,851	4,009,998
-	2,379,148	5,481,519
-	1,198,861	1,198,861
<u>581,584</u>	<u>5,227,892</u>	<u>16,268,198</u>
-	46,843	198,372
-	148,195	290,841
-	248,792	810,852
-	3,206,722	5,784,090
-	3,650,552	7,084,155
-	1,035,846	4,273,924
<u>581,584</u>	<u>541,494</u>	<u>4,910,119</u>
<u>\$ 581,584</u>	<u>\$ 1,577,340</u>	<u>\$ 9,184,043</u>

**HAYS COUNTY, TEXAS
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009**

	Special Districts					
	EMERGENCY SERVICES DISTRICT #1	EMERGENCY SERVICES DISTRICT #2	EMERGENCY SERVICES DISTRICT #3	EMERGENCY SERVICES DISTRICT #4	EMERGENCY SERVICES DISTRICT #5	EMERGENCY SERVICES DISTRICT #6
EXPENSES						
Health and human services	\$ (511,484)	\$ (245,613)	\$ (724,965)	\$ (589,216)	\$ (1,547,788)	\$ (1,659,029)
Total component unit expenses	(511,484)	(245,613)	(724,965)	(589,216)	(1,547,788)	(1,659,029)
GENERAL REVENUE						
Ad valorem taxes	662,824	460,640	948,527	523,925	1,513,294	1,744,903
Interest on deposits	7,491	11,082	818	3,682	4,620	8,178
Miscellaneous revenues	4	-	99,089	11,868	488	99,416
Total general revenues	670,319	471,722	1,048,434	539,475	1,518,402	1,852,497
Change in net assets	158,835	226,109	323,469	(49,741)	(29,386)	193,468
Net assets - beginning	663,402	715,665	1,595,426	1,127,689	319,534	1,780,649
Net assets - ending	\$ 822,237	\$ 941,774	\$ 1,918,895	\$ 1,077,948	\$ 290,148	\$ 1,974,117

EMERGENCY SERVICES DISTRICT #7	EMERGENCY SERVICES DISTRICT #8	TOTALS
\$ (983,735)	\$ (1,336,473)	\$ (7,598,303)
(983,735) -	(1,336,473)	(7,598,303)

886,683	1,436,967	8,177,763
7,474	13,489	56,834
	610,274	821,139
894,157	2,060,730	9,055,736
(89,578)	724,257	1,457,433
671,162	853,083	7,726,610
\$ 581,584	\$ 1,577,340	\$ 9,184,043

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Compliance Section

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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HOLTMAN, WAGNER & COMPANY, L.L.P.

Certified Public Accountants

876 Loop 337, Building 501
New Braunfels, TX 78130
830-625-1182
Fax 830-625-1498

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable County Judge and
County Commissioners
Hays County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hays County, Texas as of and for the year ended September 30, 2009 which collectively comprise the Hays County, Texas' basic financial statements and have issued our report thereon dated January 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hays County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Hays County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hays County, Texas' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Hays County, Texas' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of County's financial statements that is more than inconsequential will not be detected by the County's internal controls.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Hays County, Texas' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify any deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider a material weakness as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hays County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Hays County, Texas in a separate letter dated January 13, 2010.

This report is intended solely for the information and use of management, the County Judge, County Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Haltman Wagner & Company LLP

New Braunfels, Texas
January 13, 2010

HOLTMAN, WAGNER & COMPANY, L.L.P.

Certified Public Accountants

876 Loop 337, Building 501
New Braunfels, TX 78130
830-625-1182
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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable County Judge and
County Commissioners
Hays County, Texas

Compliance

We have audited the compliance of Hays County, Texas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. Hays County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hays County, Texas' management. Our responsibility is to express an opinion on Hays County, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hays County, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hays County, Texas' compliance with those requirements.

In our opinion, Hays County, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of Hays County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hays County, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hays County, Texas' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program

on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the County Judge and County Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Holtman Wagner & Company LLP

New Braunfels, Texas
January 13, 2010

HAYS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. Summary of Auditor's Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

One or more significant deficiencies identified
that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial
statements noted? _____ Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

One or more significant deficiencies identified
that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? _____ Yes X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.069	Centers for Disease Control and Prevention
15.916	Texas Parks and Wildlife
14.228	ORCA Community Development

Identification of major state programs:

All Texas Juvenile Probation Commission Grants

Dollar threshold used to distinguish between
type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

HAYS COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Not Applicable

HAYS COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

HAYS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF THE INTERIOR</u>			
Passed Through Texas Parks & Wildlife:			
Cooperative Endangered Species Conservation Fund	15.615	157923	\$ 115,671
Land and Water Conservation Fund	15.916	none	408,245
Total U. S. Department of the Interior			<u>523,916</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct Program:			
State Criminal Alien Assistance Program	16.606	2009-G0023-TX-AP	84,808
Bulletproof Vest Partnership Program	16.607	1007217	13,947
Total Direct Program			<u>98,755</u>
Safe & Drug Free Schools & Community Community Policing Grant	16.710	17720-05	1,041
Community Policing Grant	16.710	17720-04	18,315
Texas State Alert	16.580	80936.2	66,608
Total Passed Through State Criminal Justice			<u>85,964</u>
Total U. S. Department of Justice			<u>184,719</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Texas Department of Transportation:			
Capital Assistance Program for Elderly Persons	20.513	51714-F7142	4,501
Total Passed Through Texas Department of Transportation			<u>4,501</u>
Total U. S. Department of Transportation			<u>4,501</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Department of State Health Services:			
Immunization Grants	93.268	2009-028959	\$ 131,958
Immunization Grants	93.268	2010-032020	11,775
Immunization Grants	93.268	2009-023727	1,064,093
			<u>1,207,826</u>
Preventive Health & Health Services Block Grant	93.991	2009-028246	57,596
Preventive Health & Health Services Block Grant	93.991	2010-032963	6,647
			<u>64,243</u>
Maternal & Child Health Services Block Grant	93.994	2009-029470	8,540
Maternal & Child Health Services Block Grant	93.994	2010-031728	2,267
			<u>10,807</u>

HAYS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Bioterrorism	93.069	2008-027985	89,745
Bioterrorism	93.069	2009-031944	19,903
			<u>109,648</u>
Total Passed Through Department of State Health Services			<u>1,392,524</u>
Passed Through Texas Juvenile Probation Commission:			
Foster Care Title IV-E	93.658	TJPC-E-2007-105	8,380
Foster Care Title IV-E	93.658	TJPC-E-2008-105	4
Total Passed Through Texas Juvenile Probation Commission			<u>8,384</u>
Total U. S. Department of Health and Human Services			<u>1,400,908</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Health & Human Services:			
School Breakfast Program *	10.553	1052003	78,135
National School Lunch Program *	10.555	1052003	152,872
Commodity Supplemental Food Program *	10.565	1052003	9,335
Total Passed Through State Department of Health & Human Services			<u>240,342</u>
Total U. S. Department of Agriculture			<u>240,342</u>
<u>HOMELAND SECURITY</u>			
Passed Through Governor's Division of Emergency Management:			
Federal Emergency Management Agency	97.053	2008-GE-T8-0034 CCP	888
State Domestic Preparedness Equip Support Prog.	97.073	2007-GE-T7-0024 CCP	8,847
State Domestic Preparedness Equip Support Prog.	97.074	2007-GE-T7-0024-LETPP	79,636
Total Passed Through Governor's Division of Emergency Management			<u>89,371</u>
Passed Through the City of San Marcos:			
Public Assistance Grant	97.036	None	2,923
Total Passed Through the City of San Marcos			<u>2,923</u>

HAYS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed Through Tx. Dept. of Public Safety:			
Hazard Mitigation Grant	97.039	1606-062	22,000
Emergency Management Performance Grants	97.042	09-TX-EMPG-1349	22,000
Total Passed Through Tx. Dept. of Public Safety			114,294
Total Homeland Security			
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Office of Rural and Community Affairs			
Community Development	14.228	728190	138,775
Total Passed Through the Office of Rural and Community Affairs			138,775
Total U. S. Department of Housing and Urban Development			138,775
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,607,455

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

HAYS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hays County, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

HAYS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Grantor/ Program Title	Entity Identifying Number	State Expenditures
<u>CEDAR OAKS MESA WATER SUPPLY CORP.</u>		
Cedar oaks Mesa Match	Interlocal	\$ 25,000
<u>TEXAS WATER DEVELOPMENT BOARD</u>		
Wastewater Facility Study	804830842	49,000
Wastewater Facility Study Local Match	804830842	49,000
Total Texas Water Development Board		<u>98,000</u>
<u>TRAVIS COUNTY</u>		
Auto Theft Task Force	Interlocal	60,171
<u>OFFICE OF THE ATTORNEY GENERAL</u>		
VINE Program	06-04433	30,108
<u>CAPCOG</u>		
9-1-1 Maintenance	Interlocal	95,100
Recycle Grant	Interlocal	48,400
Total CAPCOG		<u>143,500</u>
<u>DEPARTMENT OF STATE HEALTH SERVICES</u>		
T.B.Prevention	2009-024114-001	15,648
Family Planning	2009-024054	10,325
Family Planning In-kind	2009-802046	7,980
Total Department of State Health Services		<u>33,953</u>
<u>TEXAS JUVENILE PROBATION COMMISSION</u>		
Salaries State Aid	TJPC-A-200X-105	109,038
Progressive Sanctions	TJPC-F-200X-105	71,925
Progressive Sanctions Level 1,2,3	TJPC-G-200X-105	29,941
Diversionary Placement	TJPC-H-200X-105	117,318
Special Probation Officer	TJPC-M-200X-105	48,965
Progressive Sanctions IS	TJPC-O-200X-105	26,502
Juvenile Justice Alternative Education	TJPC-P-200X-105	131,298
ICBP Regional	TJPC-X-200X-105	39,324
Community Corrections	TJPC-Y-200X-105	193,560
Salary Adjustment Fund	TJPC-Z-200X-105	25,650
Total Texas Juvenile Probation Commission		<u>793,521</u>
<u>TEXAS OFFICE OF COURT ADMINISTRATION</u>		
Court Appointed Attorneys	212-07-105	81,747
TOTAL EXPENDITURES OF STATE AWARDS		\$ <u><u>1,266,000</u></u>